

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Notice of Market-Dominant
Price Adjustment

Docket No. R2015-4

CHAIRMAN'S INFORMATION REQUEST NO. 3

(Issued January 28, 2015)

To clarify the issues raised by the Postal Service's Notice of Market Dominant Price Adjustment in Docket No. R2015-4,¹ the Postal Service is requested to provide written responses to the following requests and questions. Answers should be provided to individual requests and questions as soon as they are developed, but no later than February 4, 2015.

International Mail

1. The following request concerns the calculation of revenue for Inbound Letter Post from certain countries, which is used to derive the percentage change in price for Inbound Letter Post. Refer to Library Reference USPS-LR-R2015-4/NP1, Excel file "Inbound CAPCALC-Letterpost-R2015-4-NP1.xls", worksheet tab "FY14Inbound Revenue Calculation."
 - a. For Country Code 717, please confirm that the Calendar Year (CY) 2014 and CY 2015 transition system provisional terminal dues rates found in International Bureau (IB) Circular 111 (July 1, 2013), Table 2.2, and IB Circular 112 (June 30, 2014), Table 2.2, respectively, should be used in calculating CY 2014 and CY 2015 revenues. If not confirmed, please explain.

¹ United States Postal Service Notice of Market-Dominant Price Adjustment, January 15, 2015 (Notice).

- b. For Country Code 738, please confirm that the CY 2014 and CY 2015 transition system base (combined) terminal dues rates found in IB Circular 111, Table 2.2, and IB Circular 112, Table 2.2, respectively, should be used in calculating CY 2014 and CY 2015 revenues. If not confirmed, please explain.
- c. For Country Code 785, please confirm that the CY 2014 and CY 2015 transition system provisional terminal dues rates found in IB Circular 111, Table 2.2, and IB Circular 112, Table 2.2, respectively, should be used in calculating CY 2014 and CY 2015 revenues. If not confirmed, please explain.
- d. For Country Code 791, please confirm that the CY 2014 and CY 2015 new target system provisional terminal dues rates found in IB Circular 111, Table 1.2, and IB Circular 112, Table 1.2, respectively, should be used in calculating CY 2014 and CY 2015 revenues. If not confirmed, please explain.
- e. For Country Code 809, please confirm that the CY 2015 target system provisional terminal dues rates found in IB Circular 112, Table 1.1, should be used in calculating CY 2015 revenues. If not confirmed, please explain.
- f. For Country Code 933, please confirm that the CY 2015 transition system base (combined) terminal dues rates found in IB Circular 112, Table 2.2, should be used in calculating CY 2015 revenues. If not confirmed, please explain.
- g. For Country Code 971, please confirm that the CY 2014 and CY 2015 transition system base (combined) terminal dues rates found in IB Circular 111, Table 2.2, and IB Circular 112, Table 2.2, respectively, should be used in calculating CY 2014 and CY 2015 revenues. If not confirmed, please explain.

2. This request concerns the calculation of revenue to the Postal Service for the internal air conveyance of Inbound Letter Post. Refer to Postal Service Library Reference USPS-LR-R2015-4/NP1, Excel file “Inbound CAPCALC-Letterpost-R2015-4-NP1.xls.” To calculate internal air conveyance revenue, please confirm that the Total FY 2014 Kilograms for Inbound Air Letter Post in column “J” of worksheet tab “FY14 Inbound Revenue Calculation” should be used in column “N” of worksheet tab “Air Conveyance Revenue.” If not confirmed, please explain.
3. The following request concerns classification changes for Inbound International Return Receipt and Inbound International Restricted Delivery. The Postal Service proposes to remove Inbound International Return Receipt and Inbound International Restricted Delivery from the Mail Classification Schedule (MCS) because these services “do not generate revenue for the Postal Service, and do not need to be listed.” Notice at 55. The Postal Service also proposes to make conforming changes by renaming International Return Receipt as Outbound International Return Receipt. *Id.* A review of the International Cost and Revenue Analysis (ICRA) for Fiscal Years 2012, 2013, and 2014 indicates that volumes are reported for these services.
 - a. Please confirm that Inbound International Return Receipt and Inbound International Restricted Delivery are service obligations of the Postal Service as a member of the Universal Postal Union. If not confirmed, please explain.
 - b. Assuming the Commission approves the renaming of International Return Receipt, the renamed service (Outbound International Return Receipt) will remain available for registered outbound First-Class Mail International items. Please confirm that the Postal Service will remunerate foreign postal operators for the return receipt attached to such outbound First-Class Mail International items. If not confirmed, please explain.

- c. Assuming the Commission approves the classification changes for Inbound International Return Receipt and Inbound International Restricted Delivery, please confirm that the Postal Service will continue to separately report annual volumes for these services in the ICRA. If not confirmed, please explain.

Standard Mail

4. In response to Order No. 1890, the Postal Service revised the per-piece rates for three Standard Mail Flats commercial automation categories: 5-Digit, DFSS Facility, and DFSS Scheme. See Docket No. R2013-10, Response of the United States Postal Service to Order No. 1890, November 29, 2013, Excel file "CAPCALC-STD-R2013-10_Remand_USPS.xls", tab "L-F-P New Prices." In Order No. 1902, the Commission approved the revised rates. See *id.*, Order Approving Amendments to Notice of Market Dominant Price Adjustment, December 11, 2013, at 3-4 (Order No. 1902). However, the Standard Mail price cap calculation workpapers filed in this docket, Excel file "CAPCALC-STD-R2015-4.xlsx," do not use the revised rates approved in Docket No. R2013-10.
 - a. Please confirm that the rates displayed in Excel file "CAPCALC-STD-R2013-10_Remand_USPS.xls" are the correct rates for Docket No. R2013-10. If not confirmed, please explain.
 - b. If confirmed, please update the tabs in "CAPCALC-STD-R2015-4.xlsx" to reflect the correct rates, e.g., tabs "L-F-P Current Prices," and "FSS Blended Rate Auto."
5. The Postal Service states that based on the proposed Flats Sequencing System (FSS) restructuring, several commercial and nonprofit discounts differ in order to preserve the sensible pricing relations between entry points. Notice at 45.
 - a. Please explain why proposing different discounts for commercial and nonprofit price categories preserves sensible pricing relationships between entry points.

- b. Please identify all price categories where commercial discounts differ from nonprofit discounts.

Special Services

- 6. The following request seeks to reconcile differences between the billing determinants reported for Special Services in the Market Dominant Price Adjustment in Docket No. R2015-4 (Rate Case) and billing determinants reported in the Postal Service's 2014 Annual Compliance Report in Docket No. ACR2014 (ACR Proceeding). Please refer to Library Reference USPS-LR-R2015-4/5 in the Rate Case, Excel workbook, "CAPCALC-SpecServ-R2015-4.xlsx," and to Library Reference USPS-FY14-4, Excel workbook "FY 2014 Special Services and Free Blind.xlsx" in the ACR Proceeding. If changes to "CAPCALC-SpecServ-R2015-4.xlsx" are required, please update and resubmit that workbook.
 - a. Tab "F-4 PO Boxes" in "CAPCALC-SpecServ-R2015-4.xlsx" shows a total volume of 6,123,987. By contrast, Tab "F-4 PO Boxes" in "FY 2014 Special Services and Free Blind.xlsx" reports a total volume of 7,361,620. Please explain and reconcile this difference.
 - b. Tab "F-13 Premium Cards and Stationery" in "FY 2014 Special Services and Free Blind.xlsx" reports volumes of 686 for Cards and 42 for Stationery. Tabs "F-13 Premium Stamped Cards" and "F-14 Premium Stamped Stationery" in "CAPCALC-SpecServ-R2015-4.xlsx" show a Premium Stamped Cards volume of 4,682 and a Premium Stamped Stationery volume of 118. Please explain and reconcile these differences.
 - c. The summary sections on tab "G-3 Certificates of Mailing" report a total volume of 16,240,681 in "CAPCALC-SpecServ-R2015-4.xlsx" and a total volume of 16,207,293 in "FY 2014 Special Services and Free Blind.xlsx." Please explain and reconcile this difference.

- d. Tab “H-7 CreditCard Authentication” in “CAPCALC-SpecServ-R2015-4.xlsx” shows a volume of 14,603,448. Tab “H-7 ICOA” of “FY 2014 Special Services and Free Blind.xlsx” reports a volume of 3,201,144 for the same service. Please explain and reconcile this difference.
- e. The cap calculations in Excel file “CAPCALC-SpecServ-R2015-4.xlsx” do not appear to include billing determinants and prices for the late payment charge for Address Correction Service. Please identify the location of these amounts in the file or provide revised cap calculation worksheets, as applicable.

By the Acting Chairman.

Robert G. Taub